

# Finance Report for Finance Steering Group

January 2017

---

## Executive Summary

This report shows our year to date position against our revised budget agreed at the end of August. If income is received and funds spent in line with the revised budget we would see a small operating surplus of £22,000 at year end.

We continue to closely monitor income and expenditure. Since we revised our budget in August a number of our spending plans have reduced as estimated costs become actual costs as the year progresses. The most recent review indicates that we will have a small surplus of income over expenditure.

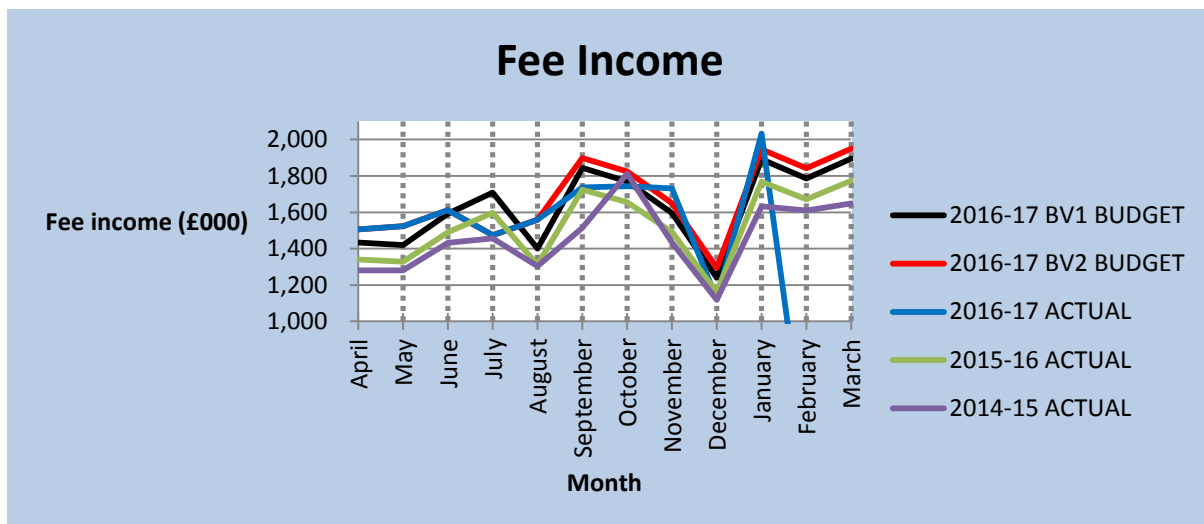
As at the end of January, fee income was £145k ahead of BV1 but fell £246k short of BV2. Given the fluctuations seen in the last 10 months, we are expecting income to meet the BV1 budget of £19.5m for the year.

## Financial Overview as at 31 January

### DP Income (£000)

				VARIANCE TO	
	BV1	BV2	ACTUAL	BV1	BV2
APRIL	1,434	1,505	1,505	72	0
MAY	1,420	1,524	1,524	104	0
JUNE	1,593	1,611	1,611	19	0
JULY	1,709	1,474	1,474	(235)	0
AUGUST	1,401	1,559	1,560	159	1
SEPTEMBER	1,843	1,898	1,736	(107)	(162)
OCTOBER	1,771	1,825	1,744	(26)	(81)
NOVEMBER	1,595	1,650	1,731	136	81
DECEMBER	1,240	1,295	1,123	(117)	(172)
JANUARY	1,892	1,946	2,033	142	87
CUMULATIVE					
YTD	15,897	16,288	16,042	145	(246)

We have collected £16m of DP fee income so far this year. This is £1.2m (7.9%) ahead of the same point last year, £145k ahead of our original target (BV1) and £246k below our revised target (BV2) for this year. Our DP fee income therefore continues to rise year on year, but is presently 1.5% behind our revised year end target .



## Grant in Aid (GIA)

FoI annual GIA Is £3.75m for 16/17 – 18/19 inclusive. This is paid monthly and returns to and receipts from DCMS are up to date.

A relatively small addition to our annual GIA has also recently been agreed to cover the cost of our EIDAS work. This GIA has been agreed as £40,000 for this year and then £44,100, £44,500, and £45,000 for the next three years. 2016/17 income was received in December.

## Office costs

Anticipated spend in this area has reduced, to account for the new Wycliffe House lease and reduction in parking spaces. We have increased the forecast for the London base from 1<sup>st</sup> February. The old staff parking scheme has now been wound up with reimbursements to its members. New charges apply from 1<sup>st</sup> January aimed at recovering the full cost of parking spaces from staff.

## Staff, training and recruitment

Our average FTE for the 10 months to 31 January is 430 inclusive of agency filled posts against an average full year budget of 435 and 2015/16 figure of 393. Staff costs are 1.2% below Year to date budget. With the ongoing recruitment, we expect costs to be approximately 0.5% below budget at year end.

Budgets for training courses and recruitment were increased significantly during the budget review process. Costs related to recruitment are expected spend in full. The forecast for training costs has been reduced by £125k, however there may still be some spare capacity in this area.

## **IT service and projects**

Our IT service budget was increased by £100k to cover the expected increase in software license costs associated with an expanding workforce and some parallel running during our IT transformation programmes. IT service spend is over budget year to date by £114k, but expected to be £89k over at year end. This is additional print costs arising from the need to ensure we meet our income targets.

The revised IT project budget is £1.38m. It is expected to spend in full.

## **Communications costs**

The forecast in this area has been reviewed in more detail this month with anticipated net underspend of £37k. Note that the high spend on media monitoring relates to the reclassification of parliamentary monitoring costs together with a back dated bill for 2.5 years in respect of the same.

## **Finance costs**

There are no changes to finance forecasts this month.

## **Travel costs**

The increased spend in this area relates to the increase in international travel. The budget for 2017/18 in this area has been increased to reflect this additional level of activity in 2016/17.

## **Legal, professional & other**

Operational budget holders have been asked to review their legal spend this month, and we conclude that these costs should spend up to the forecast figures. The net savings in legal relate to operation spruce – deferred into 2017 and on HR costs. The savings in professional services are offset by the increase in media monitoring from the reclassification of parliamentary monitoring costs.

## **Capital allowance**

We have a delegated capital spend from DCMS of £650,000 this year. Irrespective of our broader financial position, if we have plans to spend in excess of this amount on capital projects we need authority to do so from the DCMS.

During the November estimates exercise, we requested an additional £30k for expenditure relating to internal office moves and furniture. Note this is a switch of budget between resource and capital and is not an

increase in our total funding. We are still awaiting formal confirmation that this switch has been agreed by DCMS.

## Depreciation & Amortisation

At 31 December we reviewed the fixed asset register and wrote off assets no longer in use with a book loss of £72,000. There are some further assets that will be replaced as projects come to completion at year end. We have capitalised £158k of new IT assets and £20k of furniture and leasehold improvements (office changes). Year to date charges are running under budget and the forecast has been reduced in line with our review.

## Other activities

The TPS contract transferred to the ICO from 1<sup>st</sup> January. The contract does not need to be reflected in our accounts, however there will be a re-procurement cost of circa£60k for this contract.

Plans to introduce a Grants and Contributions Scheme are now well advanced. a budget of £125k has been included in 2017/18 and a further £875k over the next 4 years.

## Civil Monetary Penalties

The debtor of CMPs owed to the ICO as at 31 January is £858,200 of which £305,000 is provided as a bad debt at the end of January 2017 – net outstanding is £553,200 as follows:

Gross debts B/fwd from 2015-16	1,873,940
less bad debt provision 15/16	(815,000)
accounts balance	1,058,940
Debts written off	
Issued penalties gross	2,559,700
Issued penalty increase post appeal	-
Issued prompt payment discount	(312,900)
<b>Net</b>	<b>3,305,740</b>
Receipts*	1,610,380
Change in bad debt provisions**	1,149,660
<b>Balance</b>	<b>553,200</b>
being Gross debts c/fwd	858,200
less bad debt provisions c/fwd	(305,000)
	<b>553,200</b>
*Of this sum £220,200 is due to be paid to the consolidated fund in April 2017.	
**Bad debt provision b/fwd	815,000
new provisions made 2016/17	1,149,660

bad debts written off  
provisions c/fwd

(1,659,660)

---

**305,000**

---

Bad debts were last reviewed at 31 December 2016

At the present time we do not fully write off penalties until such time as we receive legal advice that the debt cannot be recovered. For prudent accounting purposes we were obliged to make provision for those debtors in liquidation at the end of the last financial year in the sum of £815,000. A full review of the CMP debts has been undertaken and approval granted in January to fully write off the debts provided for at the end of 15/16 together with a further £844,660 of debts arising this year. In addition we have made provision of £305,000 against the remainder.

**Paul Arnold**  
**January 2017**

## MANAGEMENT REPORT

For the Ten Months Ending 31 January 2017

	Year To Date				Full Year				Prior year
	BV2 2016-17 £	Actual £	Variance £	Var %	BV2 2016-17 £	Forecast £ (£)	Variance £	Var %	2015-16 £
GRANT IN AID	3,125,000	3,165,000	40,000	1.3%	3,750,000	3,790,000	40,000	1.1%	3,730,768
DP FEE INCOME	16,288,080	16,042,951	(245,129)	(1.5%)	20,080,000	19,580,000	(500,000)	(2.5%)	18,311,232
DRIPA INCOME	247,500	247,500	-	-	330,000	330,000	-	-	330,000
<b>TOTAL INCOME</b>	<b>19,660,580</b>	<b>19,455,451</b>	<b>(205,117)</b>	<b>(1.0%)</b>	<b>24,160,000</b>	<b>23,700,000</b>	<b>(460,000)</b>	<b>(1.9%)</b>	<b>22,372,000</b>
RENT	634,124	577,659	56,465	8.9%	759,272	639,872	119,400	15.7%	746,048
RATES & BUILDING INSURANCE	199,683	194,138	5,545	2.8%	240,001	235,949	4,052	1.7%	236,183
SERVICE CHARGES	25,279	25,494	(215)	(0.9%)	30,571	30,997	(426)	(1.4%)	32,176
CAR PARKING	64,285	59,201	5,084	7.9%	89,999	61,771	28,228	31.4%	80,779
HEAT & LIGHT	84,394	74,319	10,075	11.9%	106,524	96,524	10,000	9.4%	174,069
WATER	13,791	15,002	(1,211)	(8.8%)	15,997	15,997	-	-	16,317
CLEANING	53,387	73,068	(19,681)	(36.9%)	60,003	86,003	(26,000)	(43.3%)	60,358
SECURITY	49,590	43,593	5,997	12.1%	59,000	53,000	6,000	10.2%	58,502
WASTE	3,524	4,268	(744)	(21.1%)	4,056	4,056	-	-	5,443
STORAGE	7,148	26	7,122	99.6%	10,002	2	10,000	100.0%	16,815
REPAIRS & MAINTENANCE	74,109	29,889	44,220	59.7%	95,003	50,003	45,000	47.4%	101,556
MOTOR COSTS	128	(142)	270	210.9%	236	236	-	-	970
KITCHEN	18,806	23,666	(4,860)	(25.8%)	21,500	21,500	-	-	41,127
FURNITURE	12,520	14,782	(2,262)	(18.1%)	13,472	13,472	-	-	7,968
GENERAL EQUIPMENT	41,558	7,306	34,252	82.4%	56,472	16,472	40,000	70.8%	13,516
STATIONERY	29,947	33,925	(3,978)	(13.3%)	34,149	34,149	-	-	34,930
POSTAGE	50,949	43,695	7,254	14.2%	60,841	60,841	-	-	69,606
DOCUMENT DESTRUCTION	6,639	4,883	1,756	26.4%	8,001	8,001	-	-	5,984
OTHER	59,183	78,819	(19,636)	(33.2%)	53,109	93,109	(40,000)	(75.3%)	11,207
<b>TOTAL OFFICE COSTS</b>	<b>1,429,044</b>	<b>1,303,591</b>	<b>125,453</b>	<b>8.8%</b>	<b>1,718,208</b>	<b>1,521,954</b>	<b>196,254</b>	<b>11.4%</b>	<b>1,713,554</b>
SALARIES	10,083,864	9,968,568	115,296	1.1%	12,184,700	12,114,700	70,000	0.6%	10,864,109
OVERTIME	102,018	87,855	14,163	13.9%	126,432	126,432	-	-	100,144
PENSION	2,053,308	2,031,566	21,742	1.1%	2,481,608	2,481,608	-	-	2,170,213
NATIONAL INSURANCE	962,854	947,458	15,396	1.6%	1,168,080	1,168,080	-	-	745,893
AGENCY STAFF	155,699	185,723	(30,024)	(19.3%)	195,067	195,067	-	-	344,945
SALARIES INCOME	(77,563)	(87,417)	9,854	(12.7%)	(81,645)	(91,263)	9,618	(11.8%)	(118,912)
OVERTIME INCOME	(12,540)	-	(12,540)	100.0%	(17,556)	-	(17,556)	100.0%	-
PENSION INCOME	(10,098)	(18,737)	8,639	(85.6%)	(8,410)	(19,506)	11,096	(131.9%)	(24,757)
NATIONAL INSURANCE INCOME	(2,196)	(9,957)	7,761	(353.4%)	2	(10,342)	10,344	517200.0%	(10,104)
NON EXEC BOARD MEMBER	45,375	42,128	3,247	7.2%	56,467	51,500	4,967	8.8%	46,707
<b>TOTAL STAFF COSTS</b>	<b>13,300,721</b>	<b>13,147,187</b>	<b>153,534</b>	<b>1.2%</b>	<b>16,104,745</b>	<b>16,016,276</b>	<b>88,469</b>	<b>0.5%</b>	<b>14,118,238</b>

## MANAGEMENT REPORT

For the Ten Months Ending 31 January 2017

	Year To Date				Full Year				Prior year
	BV2 2016-17	Actual	Variance	Var %	BV2 2016-17	Forecast	Variance	Var %	2015-16
	£	£	£		£	£	£		£
RECRUITMENT	108,071	110,616	(2,545)	(2.4%)	140,003	140,003	-	-	69,071
RELOCATION EXPENSES	33,092	23,217	9,875	29.8%	40,002	40,002	-	-	-
HEALTH & SAFETY	37,478	40,270	(2,792)	(7.4%)	45,000	45,000	-	-	44,002
FURTHER EDUCATION	7,721	3,547	4,174	54.1%	8,003	8,003	-	-	360
TRAINING COURSES & CONFERENCES	346,462	245,572	100,890	29.1%	429,774	304,774	125,000	29.1%	153,675
MANAGEMENT DEVELOPMENT	19,406	10,541	8,865	45.7%	23,998	23,998	-	-	21,036
<b>TOTAL TRAINING AND RECRUITMENT</b>	<b>552,230</b>	<b>433,763</b>	<b>118,467</b>	<b>21.5%</b>	<b>686,780</b>	<b>561,780</b>	<b>125,000</b>	<b>18.2%</b>	<b>288,144</b>
HOSTING, WEB AND TELEPHONY	593,624	588,604	5,020	0.8%	716,322	716,322	-	-	728,360
APP & DESKTOP SUPPORT	571,723	602,026	(30,303)	(5.3%)	680,003	680,003	-	-	731,905
SOFTWARE LICENSING	330,430	309,525	20,905	6.3%	384,998	384,998	-	-	300,177
SECURITY CONTRACT	41,203	38,161	3,042	7.4%	50,001	50,001	-	-	35,457
NOTIFICATION PRINTING	128,152	187,022	(58,870)	(45.9%)	154,998	233,998	(79,000)	(51.0%)	216,938
MANAGED PRINT	29,810	53,068	(23,258)	(78.0%)	42,234	63,934	(21,700)	(51.4%)	53,443
HARDWARE MAINTENANCE	74,558	58,419	16,139	21.6%	80,000	70,000	10,000	12.5%	53,110
TELEPHONY CALLS & BROADBAND, & GOV SECURE INTERNET	176,527	216,474	(39,947)	(22.6%)	231,557	255,057	(23,500)	(10.1%)	280,370
<b>TOTAL IT COSTS</b>	<b>1,946,027</b>	<b>2,053,299</b>	<b>(107,272)</b>	<b>(5.5%)</b>	<b>2,340,113</b>	<b>2,454,313</b>	<b>(114,200)</b>	<b>(4.9%)</b>	<b>2,399,760</b>
ICE CRM DEVELOPMENT	287,937	106,741	181,196	62.9%	399,999	399,999	-	-	156,092
DOCUMENT STORAGE SOLUTION	125,567	40,255	85,312	67.9%	175,001	175,001	-	-	4,358
DIGITAL DELIVERY	14,650	12,435	2,215	15.1%	20,000	20,000	-	-	124,609
INFRASTRUCTURE	409,577	28,236	381,341	93.1%	574,999	574,999	-	-	548,702
OTHER PROJECT WORK	155,612	69,242	86,370	55.5%	209,998	184,998	25,000	11.9%	332,795
HARDWARE & SOFTWARE UPGRADES	-	67,032	(67,032)	-	-	-	-	-	-
PRE-PROJECT INVESTIGATION	-	1,297	(1,297)	-	-	-	-	-	-
NPS RESOURCE	54,874	493,923	(439,049)	(800.1%)	2	2	-	-	-
PROJECT WORK CAPITALISED	(400,000)	(158,340)	(241,660)	60.4%	(650,000)	(650,000)	-	-	(864,225)
<b>TOTAL PROJECT SPEND (INC CAPITAL)</b>	<b>648,217</b>	<b>660,821</b>	<b>(12,604)</b>	<b>(1.9%)</b>	<b>729,999</b>	<b>704,999</b>	<b>25,000</b>	<b>3.4%</b>	<b>302,331</b>
CAMPAIGNS, MEDIA RELATIONS & PR	35,798	17,619	18,179	50.8%	44,998	25,998	19,000	42.2%	27,580
MEDIA MONITORING	39,884	121,472	(81,588)	(204.6%)	45,002	140,002	(95,000)	(211.1%)	71,084
DESIGN & PRINT	49,767	29,311	20,456	41.1%	54,997	34,997	20,000	36.4%	66,918
DISTRIBUTION	32,280	19,992	12,288	38.1%	40,000	50,000	(10,000)	(25.0%)	24,900
SURVEYS	49,559	26,779	22,780	46.0%	66,003	26,003	40,000	60.6%	111,191
CONFERENCES GENERAL	82,000	63,400	18,600	22.7%	154,000	110,000	44,000	28.6%	288,952
CONFERENCE INCOME	(4,000)	(1,035)	(2,965)	74.1%	(44,000)	(41,000)	(3,000)	6.8%	(57,151)
ICON DEVELOPMENT	17,145	-	17,145	100.0%	24,003	-	24,003	100.0%	5,178
STAFF EVENTS	10,348	19,528	(9,180)	(88.7%)	6,002	23,002	(17,000)	(283.2%)	27,651
WEB MAINTENANCE	22,192	9,917	12,275	55.3%	30,000	15,000	15,000	50.0%	49,397
<b>TOTAL COMMUNICATIONS</b>	<b>334,973</b>	<b>306,983</b>	<b>27,990</b>	<b>8.4%</b>	<b>421,005</b>	<b>384,002</b>	<b>37,003</b>	<b>8.8%</b>	<b>615,700</b>

## MANAGEMENT REPORT

For the Ten Months Ending 31 January 2017

		Year To Date				Full Year				Prior year
		BV2 2016-17	Actual	Variance	Var %	BV2 2016-17	Forecast	Variance	Var %	2015-16
		£	£	£		£	£	£		£
BANK CHARGES		29,867	41,197	(11,330)	(37.9%)	30,001	47,501	(17,500)	(58.3%)	30,956
CARD PROCESSING CHARGES		61,609	68,417	(6,808)	(11.1%)	72,719	87,719	(15,000)	(20.6%)	75,726
BAD DEBT WRITE OFFS		100	2,706	(2,606)	(2606.0%)	-	-	-	-	5,410
EXTERNAL AUDIT		-	-	-	-	32,500	32,500	-	-	32,500
INTERNAL AUDIT		31,135	30,485	650	2.1%	37,365	37,365	-	-	36,642
CORPORATION TAX		30	17	13	43.3%	2	17	(15)	(750.0%)	61
<b>TOTAL FINANCIAL COSTS</b>		<b>122,741</b>	<b>142,822</b>	<b>(20,081)</b>	<b>(16.4%)</b>	<b>172,587</b>	<b>205,102</b>	<b>(32,515)</b>	<b>(829.0%)</b>	<b>181,295</b>
CAR HIRE		3,570	3,816	(246)	(6.9%)	4,998	5,000	(2)	(0.0%)	997
TRAVEL UK		354,651	339,726	14,925	4.2%	432,235	412,233	20,002	4.6%	379,388
TRAVEL OVERSEAS		43,412	80,179	(36,767)	(84.7%)	43,508	103,508	(60,000)	(137.9%)	76,093
TRAVEL INCOME - UK		(3,125)	(5,780)	2,655	(85.0%)	(2,917)	(7,000)	4,083	(140.0%)	(6,404)
TRAVEL INCOME - OVERSEAS		(5,907)	(14,283)	8,376	(141.8%)	(5,461)	(10,000)	4,539	(83.1%)	(16,302)
<b>TOTAL TRAVEL</b>		<b>392,601</b>	<b>403,658</b>	<b>(11,057)</b>	<b>(2.8%)</b>	<b>472,363</b>	<b>503,741</b>	<b>(31,378)</b>	<b>(6.6%)</b>	<b>433,772</b>
LEGAL		377,903	259,690	118,213	31.3%	491,511	349,011	142,500	29.0%	223,118
LEGAL COSTS RECOVERED		(14,231)	(24,341)	10,110	(71.0%)	(14,145)	(20,000)	5,855	(41.4%)	(7,289)
LIBRARY & SUBSCRIPTIONS		56,005	48,079	7,926	14.2%	68,203	68,203	-	-	72,720
PROFESSIONAL SUBS		16,200	6,576	9,624	59.4%	21,150	21,150	-	-	18,727
SUBSISTENCE		54	226	(172)	(318.5%)	-	-	-	-	239
RESEARCH		40,182	31,155	9,027	22.5%	50,000	45,000	5,000	10.0%	38,367
PRIVACY SEALS		-	-	-	-	-	-	-	-	50,655
DP REGULATION FUTURES PROJECT		-	-	-	-	-	-	-	-	20,000
PROFESSIONAL SERVICES		164,208	113,956	50,252	30.6%	216,320	146,320	70,000	32.4%	155,067
STAFF RECOGNITION		6,349	1,164	5,185	81.7%	8,883	8,883	-	-	8,901
		0	0							
<b>TOTAL LEGAL, PROFESSIONAL &amp; OTHER</b>		<b>646,670</b>	<b>436,505</b>	<b>210,165</b>	<b>32.5%</b>	<b>841,922</b>	<b>618,567</b>	<b>223,355</b>	<b>26.5%</b>	<b>580,505</b>
<b>TOTAL REVENUE COSTS</b>		<b>19,373,224</b>	<b>18,888,629</b>	<b>484,595</b>	<b>2.5%</b>	<b>23,487,722</b>	<b>22,970,734</b>	<b>516,988</b>	<b>2.2%</b>	<b>20,633,299</b>
<b>OPERATING SURPLUS (BEFORE DEP'N)</b>	<b>A</b>	<b>287,356</b>	<b>566,822</b>	<b>(279,478)</b>	<b>(97.3%)</b>	<b>672,278</b>	<b>729,266</b>	<b>(56,988)</b>	<b>(8.5%)</b>	<b>1,738,701</b>
PROJECT CAPITALISATION		400,000	158,340	241,660	60.4%	650,000	650,000	-	-	840,237
OTHER CAPITAL			20,581	(20,581)		-	30,000	(30,000)	-	23,988
<b>CAPITAL SPEND</b>	<b>B</b>	<b>400,000</b>	<b>178,921</b>	<b>221,079</b>	<b>55%</b>	<b>650,000</b>	<b>680,000</b>	<b>(30,000)</b>	<b>-</b>	<b>864,225</b>



## MANAGEMENT REPORT

For the Ten Months Ending 31 January 2017

	Year To Date				Full Year				Prior year
	BV2 2016-17	Actual	Variance	Var %	BV2 2016-17	Forecast	Variance	Var %	2015-16
	£	£	£		£	£	£		£
<b>OPERATING SURPLUS/(DEFICT) AFTER CAPITAL BEFORE DEP'N A-B</b>	<b>(112,644)</b>	<b>387,901</b>	<b>(500,557)</b>		<b>22,278</b>	<b>49,266</b>	<b>(26,988)</b>		<b>874,476</b>
DEPRECIATION	639,705	757,340	(117,635)	(18.4%)	965,000	900,644	64,356	6.7%	1,002,015
AMORTISATION	788,525	673,361	115,164	14.6%	999,998	922,815	77,183	7.7%	821,079
LOSS ON DISPOSAL OF FIXED ASSETS	(342)	71,844	(72,186)	21107.0%	2	130,000	(129,998)	(6499900.0%)	340,211
<b>TOTAL NON CASH COSTS C</b>	<b>1,427,888</b>	<b>1,502,545</b>	<b>(74,657)</b>	<b>(5.2%)</b>	<b>1,965,000</b>	<b>1,953,459</b>	<b>11,541</b>	<b>0.6%</b>	<b>2,163,305</b>
<b>TOTAL OPERATING SURPLUS/(DEFICIT) A-C</b>	<b>(1,140,532)</b>	<b>(935,723)</b>	<b>(204,821)</b>	<b>18.0%</b>	<b>(1,292,722)</b>	<b>(1,224,193)</b>	<b>(68,529)</b>	<b>5.3%</b>	<b>(424,604)</b>
notional costs of Information commissioner					(190,000)	(190,000)			(190,007)
increase in dilpaidations provisions					-	-			(97,200)
increase in early departure provisions					9,132	9,132			(7,898)
CASH HANDBACK									<b>(907,776)</b>
<b>FINAL OUT-TURN - revenue</b>	<b>(1,140,532)</b>	<b>(935,723)</b>	<b>(204,821)</b>		<b>(1,473,590)</b>	<b>(1,405,061)</b>	<b>(68,529)</b>		<b>(1,627,485)</b>